

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

IN THE MATTER OF THE APPLICATION)
OF THE ROCHESTER WATER DISTRICT,)
A WATER DISTRICT ORGANIZED)
PURSUANT TO CHAPTER 74 OF THE)
KENTUCKY REVISED STATUTES, OF)
BUTLER AND MUHLENBERG COUNTIES,)
KENTUCKY, FOR APPROVAL OF THE) CASE NO. 9413
PROPOSED PLAN OF REFINANCING AND)
REFUNDING CERTAIN OUTSTANDING)
WATERWORKS REVENUE BONDS OF THE)
DISTRICT THROUGH THE ISSUANCE OF)
\$267,000 OF WATERWORKS REFUNDING)
REVENUE BONDS)

O R D E R

On September 3, 1985, Rochester Water District ("Rochester") filed an application seeking authority to issue to the Farmers Home Administration ("FmHA") waterworks refunding revenue bonds ("Refunding Bonds") in the principle amount of \$267,000. The Refunding Bonds would have the same terms and provisions as Rochester's currently outstanding bonds and would have a 22-year maturity. The effective annual interest rate of the Refunding Bonds will be 3.75 percent which is to be paid semi-annually. An additional provision of the Refunding Bonds is that Rochester would pay \$3,849.08 of interest on or before October 1, 1985.

The Refunding Bonds will be exchanged for the Series A Water Revenue Bonds ("Series A Bonds") which are currently being held by the FmHA. The Series A Bonds were issued on April 1,

1977, in the principal amount of \$249,000 at an effective annual interest rate of 3.75 percent. Rochester is currently in default on approximately \$50,000 of both interest and principal payments on the Series A Bonds.

Rochester was requested to file a detailed income statement and balance sheet for the 12-month period ending August 31, 1985. Rochester filed a copy of the calendar year 1984's balance sheet and income statement and also requested a deviation from 807 KAR 5:001, Section 6,(9), stating that there were no significant charges between the two periods. A deviation from 807 KAR 5:001 Section 6(9), was granted on October 10, 1985, by the Commission.

The Commission, after considering the application and all evidence of record and being advised, is of the opinion and finds that the proposed issuance and sale by Rochester of its Refunding Bonds in the amount of \$267,000 with a 22-year term and an effective annual interest rate of 3.75 percent, is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that:

1. Rochester be and it hereby is authorized to issue and sell its Refunding Bonds in the amount of \$267,000 with a 22-year term and an effective interest rate of 3.75 percent.

2. Should the terms or the interest rate vary from those set out in the application, Rochester shall reapply for authority

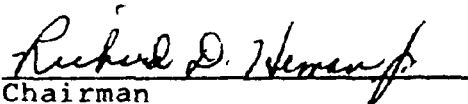
to issue its Refunding Bonds and update its application to reflect the new terms and interest rate.

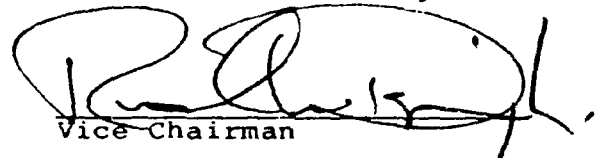
3. The proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 15th day of November, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary